

# ***Health Policy Newsletter***

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**Volume 17 Number 1**

**March, 2004**

**Article 10**

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## Health Policy Forum: Update on Medicare Disease Management Demonstration Projects

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### **Suggested Citation:**

Reisman M. Health Policy Forum: Update on Medicare disease management demonstration projects. *Health Policy Newsletter* 2004; 17(1): Article 10. Retrieved [date] from <http://jdc.jefferson.edu/hpn/vol17/iss1/10>.

## Health Policy Forum: Update on Medicare Disease Management Demonstration Projects

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The Department of Health Policy opened its 2004 Forum series on January 14th with a presentation by Stuart Guterman of the Centers for Medicare and Medicaid Services (CMS). Guterman, Director of the Office of Research, Development and Information, addressed CMS's efforts to bring Medicare into the 21st century by using disease management to both improve beneficiary care and reduce costs.

Beneficiaries with chronic conditions make up an increasing proportion of the Medicare population. According to Guterman, neither traditional fee-for-service Medicare nor Medicare+Choice is currently structured to adequately provide for these patients, who tend to receive fragmented care from multiple providers and multiple sites and often require repeated, costly hospitalizations.

In order to identify innovative ways to improve the care of chronically ill beneficiaries, CMS has undertaken a series of demonstrations to test the value of disease management for Medicare beneficiaries. The objective of disease management programs is to combine adherence to evidence-based treatment guidelines with better coordination of care across providers. CMS will evaluate the programs based on health outcomes, cost-effectiveness for Medicare, beneficiary and provider satisfaction, and other quality and outcomes measures.

Projects already underway include the Coordinated Care Demonstration, which is designed to provide disease management services to Medicare fee-for-services beneficiaries with certain complex chronic conditions, including congestive heart failure, heart, liver, and lung diseases, Alzheimer's, cancer, and HIV/AIDS. Launched in 2002, the demonstration has been implemented at fifteen sites, including commercial disease management vendors, academic medical centers, and other provider-based programs. Thus far, said Guterman, the programs overall appear to be well received by both participating physicians and enrollees.

Under the Demonstration for Severely Chronically Ill Medicare Beneficiaries, organizations are paid a monthly premium not only for coordinating patients' care, but also for providing prescription drugs that Medicare currently does not cover. The three-year demonstration will assess whether disease management services combined with a drug benefit plan can improve the health outcomes of beneficiaries with advanced-stage congestive heart failure, diabetes, or coronary heart disease without increasing program costs.

Additional projects to be implemented include a Capitated Disease Management Demonstration, which will pay organizations a capitated rate (a fixed amount each month per enrollee) to provide disease management services to Medicare beneficiaries with one or more chronic conditions. The Care Management Performance Demonstration will focus on improvement in office systems and encourage physicians to adopt health information technology in order to manage chronically ill patients more efficiently and effectively. Also planned is a demonstration focusing on beneficiaries with end-stage renal disease, as well as a physician group practice demonstration, which will reward physicians for improving health outcomes. Through these demonstrations, CMS hopes to learn how well

disease management works and how best to provide these services to Medicare beneficiaries.

More information on Medicare disease management demonstration projects can be found at [www.cms.hhs.gov/researchers/demos](http://www.cms.hhs.gov/researchers/demos).

### **About the Author**

Miriam Reisman is the Managing Editor of the Health Policy Newsletter for the Department of Health Policy at Jefferson Medical College, Thomas Jefferson University.